

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 00532 192001Z

71

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 L-03 INT-05 OES-03

TAR-01 PRS-01 AS-01 /071 W

----- 038587

R 191834Z JAN 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 326

INFO ALL EC CAPITALS 1557

AMEMBASSY TOKYO

AMEMBASSY MADRID

LIMITED OFFICIAL USE EC BRUSSELS 532

E.O. 11652: N/A

TAGS: EIND, ETRD, EEC

SUBJECT: EC STEEL POLICY--MINIMUM PRICE ISSUE

REF: (A) 1975 EC BRUSSELS 11240, (B) EC BRUSSELS 1173,
(C) 1975 TOKYO 18206

1. BEGIN SUMMARY: THE EC COMMISSION IS MOVING THROUGH ITS ROUND OF CONSULTATIONS LEADING TO THE POSSIBLE COMMISSION DECISION TO APPLY PARIS TREATY ART. 61 AND IMPOSE MINIMUM PRICES ON CERTAIN STEEL PRODUCTS. THE EC COMMISSION DIRECTOR FOR STEEL BELIEVES THAT THE IMPOSITION OF MINIMUM PRICES IS NECESSARY. THE FULL COMMISSION, HOWEVER, IS STILL SPLIT. ANY PRICES SET WILL TAKE INTO ACCOUNT THE US MARKET SITUATION IN ORDER TO AVOID POSSIBLE US DUMPING ACTIONS AGAINST STEEL FROM THE EC. END SUMMARY.

2. THE EC MACHINERY CONTINUES TO GRIND AHEAD TOWARD A POSSIBLE EC COMMISSION DECISION ON THE IMPOSITION OF MINIMUM STEEL PRICES UNDER ART. 61 OF THE PARIS TREATY (SEE REFTTEL). THE EC
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 00532 192001Z

COMMISSION MET ON JANUARY 9 WITH THE "MARKET AND PRICES COMMITTEE"

OF THE ECSC CONSULTATIVE COMMITTEE TO DISCUSS THE NEED FOR MINIMUM PRICES. THE PRESS REPORTED DIFFERENCES OF OPINION IN THAT COMMITTEE WITH THE GERMANS AND BRITISH OPPOSING THEIR INTRODUCTION. (EC STEEL DIRECTOR PETRICK TOLD US ON JAN. 15 THAT THE UK'S NEGATIVE POSITION WAS BASED ON A MISUNDERSTANDING. HE SAID THE BRITISH REPS THOUGHT THE COMMISSION WOULD SET PRICES BELOW BRITISH STEEL CORPORATION LIST PRICES WHICH WOULD NOT BE THE CASE.)

3. THE COMMISSION IS MEETING WITH THE ECSC CONSULTATIVE COMMITTEE TODAY (JANUARY 19) IN LUXEMBOURG TO OBTAIN THEIR OPINION ON MINIMUM PRICES. THE REST OF THE SCENARIO WILL BE AS FOLLOWS. ON JANUARY 22 THE COMMISSION WILL CONSULT WITH THE EC COUNCIL ECSC EXPERTS GROUP. THE ISSUE WILL THEN BE TAKEN UP IN THE COMMITTEE OF PERMANENT REPRESENTATIVES (COREPER) FOLLOWED BY A DISCUSSION IN THE EC COUNCIL, MOST LIKELY AT THE FOREIGN MINISTERS COUNCIL ON FEB. 9-10. AFTER THE COUNCIL DISCUSSION THE COMMISSION WILL TAKE A FORMAL DECISION ON WHETHER TO IMPOSE MINIMUM PRICES. IF THE COMMISSION IS IN FAVOR, A VERY RAPID ROUND OF CONSULTATIONS WILL FOLLOW WITH THE SAME BODIES ON THE QUESTION OF THE ACTUAL LEVEL OF MINIMUM PRICES. A FORMAL COMMISSION DECISION ON PRICE LEVELS COULD TAKE PLACE DURING THE SECOND HALF OF FEBRUARY.

4. THE COMMISSION HAS PREPARED A PAPER FOR THE CURRENT CONSULTATIONS OUTLINING THE SITUATION IN THE EC IRON AND STEEL INDUSTRY, THE ACTIONS SO FAR TAKEN BY THE COMMISSION, AND AN APPROACH TO SETTING UP A MINIMUM PRICE SYSTEM. THERE IS A LISTING OF PRODUCTS TO BE COVERED AND CRITERIA FOR SETTING PRICE LEVELS. AFTER SPELLING OUT THE EC STEEL INDUSTRY'S DIFFICULTIES REGARDING PROFITS, INVESTMENTS AND EMPLOYMENT, THE PAPER CONCLUDES THAT: A) THE COMMISSION BELIEVES (AS OF DEC. 10-- THE DATE OF THE PAPER) THAT CONDITIONS ARE SUCH AS TO PERMIT THE APPLICATION OF ART. 61(B) OF THE PARIS TREATY; AND B) THAT BECAUSE OF ARRANGEMENTS WITH CERTAIN STEEL EXPORTING COUNTRIES, (E.E., JAPAN, SWEDEN, AUSTRIA) AND MEMBER STATE CONTROLS OVER IMPORTS FROM EASTERN EUROPE, "THE COMMISSION DOES NOT ENVISAGE INTRODUCING RESTRICTIVE IMPORT MEASURES TO ACCOMPANY THE POSSIBLE INTRODUCTION OF MINIMUM PRICES." (A COPY OF THE PAPER HAS BEEN POUCHED TO EUR/RPE ATTENTION LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 00532 192001Z

BRESLER.)

5. PETRICK TOLD US THAT HE HAS NO REASON TO BELIEVE IN A SIGNIFICANT UPTURN IN ORDERS OR PRICES OVER THE FIRST QUARTER. ACTIVITY IS DOWN IN SHIPBUILDING AND HEAVY MACHINERY. IT WILL TAKE SOME TIME FOR A GENERAL ECONOMIC UPTURN WITH INCREASED CONSUMER DEMAND TO RESULT IN THE NEW INVESTMENT IN CAPITAL EQUIPMENT REQUIRED TO BRING A SERIOUS RISE IN STEEL ORDERS.

IT WAS HIS PERSONAL VIEW THAT ONLY A MIRACLE COULD PREVENT A COMMISSION DECISION IN FAVOR OF MINIMUM PRICES. UPON QUESTIONING HE ADMITTED, HOWEVER, THAT THE FULL COMMISSION WAS STILL DIVIDED ON INTRODUCING MINIMUM PRICES, APPARENT COMMISSION SUPPORT FOR MINIMUM PRICES STATED IN THE COMMISSION PAPER REPORTED ABOVE, NOTWITHSTANDING.

6. PETRICK MADE TWO OTHER OBSERVATIONS OF INTEREST. HE SAID THE COMMISSION IS VERY MUCH AWARE OF THE POSSIBILITY OF DUMPING ACTIONS BY THE US AGAINST EC STEEL IF EC STEEL WERE SOLD IN THE US MARKET AT LOWER PRICES THAN IN THE EC. HE SAID THE COMMISSION IS CURRENTLY COLLECTING DATA ON US PRICES SO THAT THE US MARKET SITUATION IS TAKEN INTO ACCOUNT IF THE COMMISSION SETS MINIMUM PRICES. PETRICK ALSO NOTED THAT IF EC STEEL PRICES WERE TOO HIGH, IT WOULD BE DIFFICULT FOR THE JAPANESE TO MAINTAIN THEIR VOLUNTARY RESTRAINT AGREEMENT (SEE REFTEL C).

7. PETRICK SAID NEGOTIATIONS WITH SPAIN OVER SPANISH RESTRAINTS HAVE NOT BEEN CONCLUDED. IF AGREEMENT IS NOT REACHED, PETRICK BELIEVES THE COMMISSION COULD, IF NECESSARY, TAKE ANTI-DUMPING MEASURES AS SPANISH STEEL IS BEING "DUMPED" IN THE EC MARKET.

8. THE COMMISSION DECISION OF DECEMBER 10, 1975 ESTABLISHING A COMMUNITY SURVEILLANCE SYSTEM FOR IMPORTED STEEL REPORTED IN REFTEL B PARA 5 HAS BEEN PUBLISHED IN THE OFFICIAL JOURNAL OF THE EUROPEAN COMMUNITIES, VOL. L 7/15 OF JANUARY 14, 1976.
GREENWALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PRODUCTION, POLICIES, STEELS, PRICES, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU00532
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760020-0453
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760145/aaaabntb.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 EC BRUSSELS 11240
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2004 by izenbel0>; APPROVED <12 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC STEEL POLICY--MINIMUM PRICE ISSUE
TAGS: EIND, ETRD, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006